

Message Text

CONFIDENTIAL

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ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 IO-13 PA-01 PRS-01 /147 W

-----230704Z 015059 /12

R 230540Z JAN 77

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 2868

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

C O N F I D E N T I A L MUSCAT 0123

E.O. 11652: GDS

TAGS: ENRG MU

SUBJECT: OMAN GOVERNMENT SETS NEW OIL PRICE

REF: 76 MUSCAT 1593

1. AFTER DISCUSSIONS WITH SHELL AND OTHER PRIVATE SHAREHOLDERS OF PD(O), THE OMANGOV HAS DECIDED TO SET OIL PRICES AT A NEW BUY-BACK PRICE OF \$12.72 PER BARREL OF 34 DEGREE API OIL. THIS RE-CONFIDENTIAL

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PRESENTS A 71/2 PERCENT RAISE OVER THE ACTUAL MARKET PRICE OF \$11.85 EXISTING AT THE END OF 1976, AND A 9 PERCENT INCREASE OVER THE OFFICIAL BUY-BACK PRICE OF \$11.67 PER BARREL. THE NEW PRICE WILL BE RETROACTIVE TO 1 JANUARY 1977. FOR UNKNOWN REASONS, THE GOVERNMENT PLANS TO ANNOUNCE PUBLICLY A NEW OIL PRICE WHICH IS TWO CENTS HIGHER THAN THE REAL FIGURE.

2. COMMENT: THE NEW PRICE REPRESENTS A COMPROMISE BETWEEN OMAN'S DESIRE TO EARN THE MAXIMUM REVENUES FROM ITS DWINDLING OIL PRODUCTION AND THE NECESSITY TO KEEP IN STEP WITH OMAN'S PRINCIPAL FINANCIAL ANGELS, SAUDI ARABIA AND THE UAE. PETROLEUM MINISTRY SOURCES DO NOT BELIEVE THAT THE OMANIS WILL ATTEMPT A FURTHER PRICE RISE THIS SUMMER, AND THEY FEEL THAT WORLD MARKET TRENDS WILL HENCEFORTH DETERMINE THE PRICE OF OMANI CRUDE. THE OMANIS ARE NOT DISTURBED BY THIS SINCE THE \$.18 PER BARREL DIFFERENTIAL BETWEEN THE BUY-BACK AND MARKET PRICES AS OF LAST DECEMBER INDICATES THAT OMANI CRUDE CONTINUES TO COMMAND A SUBSTANTIAL PREMIUM.
SIZER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRICES
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MUSCAT00123
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770024-0714
Format: TEL
From: MUSCAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770126/aaaaawtj.tel
Line Count: 74
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0bb6b7d2-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 MUSCAT 1593
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3527135
Secure: OPEN
Status: NATIVE
Subject: OMAN GOVERNMENT SETS NEW OIL PRICE
TAGS: ENRG, MU
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/0bb6b7d2-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009